

# **EXHIBIT E**

IN THE DISTRICT COURT OF THE UNITED STATES  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

DIGITAL MEDIA SOLUTIONS, )  
LLC, )  
Plaintiff, ) Magistrate Parker  
vs. ) Cleveland, Ohio  
SOUTH UNIVERSITY OF OHIO, ) Civil Action  
LLC, et al., ) Number 1:19CV0145  
Defendants.

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TRANSCRIPT OF PROCEEDINGS HAD BEFORE  
THE HONORABLE THOMAS M. PARKER  
MAGISTRATE JUDGE OF SAID COURT,  
ON FRIDAY, MARCH 8, 2019  
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Official Court Reporter: Shirle M. Perkins, RDR, CRR  
U.S. District Court  
801 West Superior, #7-189  
Cleveland, OH 44113-1829  
(216) 357-7106

Proceedings recorded by mechanical stenography; transcript  
produced by computer-aided transcription.

1 the Department of Education, whether those were funds that  
2 were allocated to specific students and should be paid out.

3 So, Ms. Whitmer, what light can you shed based on the  
4 further work that you have done regarding stipend funds,  
10:49:00 5 specifically?

6 MS. WHITMER: Your Honor, it's a matter of  
7 investigation. We are going to need to really dig down into  
8 this issue and figure out the who, the what, the when, and  
9 the why because the fund, as we understand what happened,  
10:49:22 10 which again, is very preliminary. We only learned of these  
11 default cases on February 20th, and we learned on February  
12 20th because two of the employees talked to us about how  
13 this had been done.

14 So in those conversations, they described the entries.  
10:49:51 15 After I filed Docket Number 68, I had an e-mail from a  
16 student who forwarded to me his account statement, and that  
17 account statement showed the voiding of the -- of the entry.  
18 It showed the credit balance for the student, it showed the  
19 payment of the student stipend, and then it showed the  
10:50:19 20 voiding of the payment of the student stipend, and that --

21 THE COURT: What were the dates on the e-mail?  
22 When did those specific activities occur?

23 MS. WHITMER: The payment, the posting of the  
24 payment to the student was January 18th, the date that the  
10:50:44 25 Receiver was appointed. And the voiding of the entry

1 and there was another one. And they pretty much told us  
2 very forthrightly what had been happening.

3 THE COURT: Do you have the names of those  
4 individuals somewhere?

11:11:29 5 MS. WHITMER: Oh, yes.

6 THE COURT: All right.

7 MS. WHITMER: We can identify those people.  
8 So they gave us that information, and then we realized that  
9 we had a very, very difficult problem at hand because it's  
10 one thing to try to get the Department of Education to relax  
11 its standards and allow and pay under this Heightened Cash  
12 Management system the student stipends or advance them when  
13 it wouldn't otherwise do that. But, to try to get the  
14 Department of Education to pay them twice was not -- I did  
11:12:12 15 not recognize it then or now as a true possibility.

16 THE COURT: All right.

17 So let me stop you if I could. And I appreciate what  
18 you're providing us. It's helpful information.

19 You've obviously seen the February 27th letter from  
11:12:29 20 Mr. Frolo.

21 MS. WHITMER: Oh, indeed.

22 THE COURT: It includes a number of statements  
23 regarding payments or releases of funds and so forth. What  
24 you're saying is consistent to a degree with what he has  
11:12:45 25 reported in the letter. He indicates on February 7th the

1 article right now from February 8th of 2019 where he's  
2 quoted saying that he believes the money was used on  
3 payroll.

4 MS. WHITMER: I'm sorry?

11:37:38 5 MS. AWED: I'm looking at an article right now  
6 where Mark Dottore is quoted as saying that the money was  
7 used on payroll, and that was February 9th.

8 THE COURT: I'm not sure what document you're  
9 referring to.

11:37:56 10 MR. GLICKMAN: Judge, I think I am actually --  
11 she is, I believe, referring to an article where Mr. Dottore  
12 was asked a question about monies spent prior to the  
13 institution of the Receivership, and he opined that they  
14 must -- that they must have been used for payroll because  
11:38:12 15 that was our understanding from speaking to a former DCEH  
16 officer.

17 STUDENT: So you guys were aware in February  
18 then?

19 MR. GLICKMAN: No. We were asked -- we were  
11:38:29 20 asked about monies from, what happened to money prior to the  
21 Receivership. We knew how much money we had when we took  
22 over. We saw that the monies that we didn't have went out  
23 to payroll. We had no idea that this fraud was going on.

24 MS. AWED: Okay.

11:38:51 25 THE COURT: Ms. Awed, any other questions from